

"It's an opportunity to generate additional revenue for the show," Mr. Brenner, the consultant to NBC Enterprises, said, "and the effect on the bottom line is material."

"But you won't stay on the air if the audience doesn't find the show entertaining," he added, "and we're very cognizant of not overdoing it."

That sanguine view does not persuade critics. "The networks are betraying their viewers with such blatant commercialization," said Michael Jacobson, executive director in Washington at the Center for Science in the Public Interest, an advocacy organization.

"It's another good reason for people to turn off the television," he added.

ATTACHMENT #9

The New York Times, July 1, 2002

Copyright 2002 The New York Times Company
The New York Times

July 1, 2002, Monday, Late Edition - Final

SECTION: Section C; Page 7; Column 1; Business/Financial Desk

LENGTH: 1007 words

HEADLINE: MEDIA;
A Word From Our Sponsor? He's Here Now.

BYLINE: By STUART ELLIOTT

BODY:

Who wears the pants on "The Best Damn Sports Show Period"? Why, the advertisers, literally and figuratively.

In the latest example of how television programming and advertising are becoming increasingly indistinguishable, Levi Strauss & Company paid for an actor featured in a commercial for its Dockers pants brand to appear on the show on Fox Sports Net, a cable TV channel owned by the News Corporation and Cablevision Systems.

To demonstrate the new Dockers stain-resistant Go Khaki pants, the actor, Ted Mattison, appeared as a guest on the Friday episode of the show, which presents testosterone-tinged news, commentary and comedy skits in the style of a sports-talk radio program. Mr. Mattison was part of a skit centered on a bachelor party for a cast member, the comedian Tom Arnold. The Go Khaki commercial with Mr. Mattison -- which also takes place during a bachelor party -- ran after the skit ended.

The appearance was part of an advertising package bought by Levi Strauss from Fox Sports Net that included commercial time on the show as well as other programs on the channel. The deal also provides Dockers apparel for Mr. Arnold and other cast members. Neither the advertiser nor the network would discuss the terms of the deal, which was estimated to be in the six figures.

Dockers is one of several brands that are being woven into the content of various episodes of "The Best Damn Sports Show Period," and viewers are not told the appearances are part of advertising arrangements.

Twice a month, Outback Steakhouse brings dinner onto the show for the cast. Three times a week, a bar is erected on the set to help peddle a malt beverage, Mike's Hard Lemonade, sold by Mark Anthony Brands.

Last fall, the show recreated highlights in the graphic formats of the Microsoft Xbox and other video game systems.

And Quizno's duplicated one of its sandwich shops on the stage, complete with a chef making toasted subs for the cast to eat.

On a Fox Sports Net sibling, Fox Broadcasting, products of two advertisers, Coca-Cola and Ford Motor, turn up during weekly episodes of a popular new reality series, "American Idol."

A \$1 billion deal between the Walt Disney Company and OMD, the media agency owned by the Omnicom Group, may include the placement of sponsors' products in episodes of series on networks like ABC and ESPN.

Also, the trade publication Advertising Age reported last week that the Bravo cable network wants to replace pitchers of water glimpsed next to guests on the interview series "Inside the Actors Studio" with branded bottled water a sponsor would supply.

Such sales tactics, intended to seamlessly blend advertising with programming, bother critics who worry about the commercial content of popular culture.

"Commercials are getting insinuated into every part of TV programming," said Gary Ruskin, executive director of Commercial Alert, an organization that seeks to curtail what its members consider the overcommercialization of the media. "It's a profit-driven race to the bottom."

According to the networks, advertisers and agencies, unconventional methods that bend the rules are now necessary to capture the attention of jaded, fickle consumers who can easily tune out the traditional 30-second commercial.

"We're always thinking about new ways to break through with our consumer," said Bill Stewart, vice president for marketing for the Dockers brand at Levi Strauss in San Francisco.

"It's got to fit naturally into the show and be entertaining, but never misleading," he added. "The men who wear Dockers love the brand, and we're not going to do anything that risks that relationship."

The deal to have the Dockers actor appear on the show began after the Dockers agency, the San Francisco office of Foote, Cone & Belding, part of the FCB Group division of the Interpublic Group of Companies, created the commercial.

The spot presents Mr. Mattison as a husband who leaves his wife and child to attend a friend's bachelor party in Las Vegas. When he returns home, he is a mess, except for his Go Khaki pants, which withstood repeated spills and mishaps.

"When Dockers heard we were doing Tom Arnold's bachelor party, they thought it would be a great place to introduce the commercial," said Guy Sousa, executive vice president for Fox Cable

Sports advertising sales in New York. "And we thought it would fit within the show."

"The format of the show, and its genre of sports entertainment, allow us to do this," he added, as opposed to a news show or a telecast of a game, where it would not be appropriate.

Mr. Sousa acknowledged the skepticism of the critics.

"We don't want the viewer to ask, 'Why are they doing this?' " he said. "We're not looking to do blatant commercials. We want to do something that would be integrated organically into the show."

As a result, he added, "we are being very careful" to have the nontraditional ads be confined "to categories that make sense" with the show's premise of "guys sitting around and talking about sports." He listed products like food, beverages, apparel and video games.

Although there is no indication that the appearance on the show of Mr. Mattison, the Dockers actor, is part of an ad deal, Mr. Stewart said, "We're really clear in the show that he's the 'Dockers guy.' "

In a tape provided by Levi Strauss with scenes from the production of the show, the host, Chris Rose, who also plays host for the bachelor party for Mr. Arnold, introduces Mr. Mattison by describing him as "the Dockers Go Khaki Stain Defender pants guy in commercials." Mr. Mattison comes out and pretends to insult Mr. Arnold, who retaliates by throwing a drink at Mr. Mattison's pants.

"They don't stain," Mr. Arnold says, to which Mr. Mattison replies, "The only thing you can ruin now is good scripts."

Mr. Ruskin of Commercial Alert said he thought it was "inevitable" that such product placements would continue to proliferate.

"That's why we encourage people to turn off the set," he added.

ATTACHMENT #10

Advertising Age January 20, 2003, Monday

Copyright 2003 Crain Communications Inc.
Advertising Age

January 20, 2003, Monday

SECTION: Pg. 3

LENGTH: 532 words

HEADLINE: Fox Sports specialty: product 'immersion'; Net inks tie-ins with Snapple, Labatt, Lincoln

BYLINE: RICHARD LINNETT

BODY:

Fox Sports Net is in the product-placement driver's seat once again, and it's got two brand new passengers. "The Best Damn Sports Show Period," which recently embarked on a partnership with Labatt USA, now also has Ford Motor Co.'s Lincoln Aviator. The SUV brand will make its debut during the show's "Road to the Super Bowl" week. And an extreme-sports lifestyle program, "54321," that premieres Jan. 27, has signed Snapple. The cable network is so wrapped up in mixing products into content that they have a new name for it: "immersion."

'part of the show'

"What we are doing is really immersing products into programs," said Guy Sousa, exec VP-advertising sales at Fox Cable Sports, "so that they really feel like it is part of the show."

"The Best Damn Sport Show Period," which has sets that are casual hangouts for guests and hosts, and features a bar decked out with kegs spouts, neon signs and other signage that will carry three Labatt brands names: Rolling Rock, Labatt Blue and Dos Equis. The hosts banter on the set, but abstain from drinking product. It's a good thing, because hosts Michael Irvin and Tony Siragusa, during Super Bowl week will also be driving Lincoln Aviators, a new advertiser for Fox.

The Aviator will make a prelaunch appearance in the show as the official vehicle of the Road to the Super Bowl. Meanwhile, the ad buy will be for Lincoln's full-size Navigator SUV. Bob Witter, promotions and events manager for Lincoln, said the marketer will have an on-going presence on Fox Sports through 2003. He would not disclose details or spending. And in a moment of pure brand cross-pollination, the Labatt mascot bear is expected to hitch a ride in the car.

Labatt and Aviator are the only sponsors of the show. "We felt that we could only immerse two

products," Mr. Sousa said. "We have a good fit here. They're not in conflict with each other."

"54321" will run at 5 p.m. weekdays beginning Jan. 27, and is the network's first foray into extreme sports-surfing, skateboarding, snowboarding, BMX and freestyle. The format is similar to MTV's "Cribs" and will feature the homes and hangouts of extreme-sports stars. Surf clothing brand Quiksilver, which has its own entertainment division, gets a producer credit on the show.

"This is more challenging," Mr. Sousa said. "Because the 12- to 24-year-old viewers are more savvy and skeptical, so we are being extremely careful about immersing product into this program that feels correct and natural."

The hosts and guests will drink Snapple, and the company's sun logo will appear as a set backdrop. One segment of the show, sponsored by Snapple, is called "Snapshots," and will feature video clips submitted by viewers.

Extreme sports are usually associated with high-caffeine sodas and energy drinks. Snapple wants to be the "in between sports" drink.

"Even though we may not be the drink that they will guzzle before they do a 360," said Lewis Goldstein, director-relationship marketing, Snapple, "we are a part of their lives when they are goofing with their friends, having fun, laughing, smiling, just hanging out."

contributing: jean halliday

ATTACHMENT #11

Television Week June 9, 2003, Monday

Copyright 2003 Crain Communications Inc.

Television Week

June 9, 2003, Monday

SECTION: Pg. 1

LENGTH: 545 words

HEADLINE: Sci-Fi Pioneers Placement Deal; In 'Unique Model' OMD Buys All Time on Cable Channel's Spring 2004 'Six Days' Miniseries

BYLINE: Louis Chunovic

BODY:

Universal Television Networks and mega-agency **OMD Worldwide** have agreed on a precedent-setting deal that will give OMD's clients exclusive advertising and product placement positions on Sci-Fi Channel's "Six Days 'Til Sunday," a miniseries set for spring 2004.

"The agency came in and bought the entire miniseries for their clients," Jeff Lucas, president, advertising sales, Universal Television Networks (UTN), confirmed. "They liked it from the start. Soon as we had our first meeting with them, they asked to see a script. We sent them a script and they said, 'We want to own it.' It's the first time that I know of where an entire miniseries has been taken by an agency on behalf of their clients."

OMD did not reply to inquiries about the deal, which is likely to be the first of a series of agency deals for entire series or miniseries in early development that UTN will pursue.

The six-hour "Six Days" miniseries, from Lion's Gate, is a futuristic thriller set in the present in which a man has six days to prevent his own murder. Although it has yet to be specifically scheduled, the current expectation is that it will air on six consecutive nights next spring, culminating on a Sunday.

The OMD deal is the first of what UTN hopes will be several "unique model" deals, according to Kevin McAuliffe, senior VP of cross-platform initiatives, UTN. "We're actually taking out, very proactively, across all our networks, early-stage development projects, not necessarily committed for air, literally scripts," he said.

Currently, those projects include two more Sci-Fi dramas and two proposed Sci-Fi reality series, as well as a USA Network telefilm.

In addition, UTN is currently entertaining at least two pitches from individual advertisers with

programming projects and product-integration plans that they want to "get into the hands of programmers," said Mr. McAuliffe, who declined to identify the various projects or the advertisers.

UTN is looking to develop "unique models," Mr. McAuliffe said. "They could be really about brand integration and about a media relationship. They could be about cofunding."

OMD, according to sources familiar with the agreement, made a "**well into seven figures**" deal for the entire series on the basis of the first hour's script and treatments for the other five hours.

Last year, OMD shocked the broadcast and advertising industries by making the first one-year, \$1 billion overall agency deal with a single media company. That deal, with The Walt Disney Co, was not renewed this year. While this deal is much smaller, it appears to be another signpost on the road to increased advertiser and agency participation in the program production process.

Critical to the "Six Days" plot will be a particular package that has to be delivered on time and a pervasive cell phone. The protagonist will be shown driving a particular brand of automobile and, at one point, picking up a particular brand of rental car. There will be placement opportunities, as well, for OMD's retail, fast food, soft drink, entertainment and insurance clients.

OMD clients that could turn up in "Six Days" include Pepsi Cola and other PepsiCo products, McDonald's, Visa and Nissan, among others.

ATTACHMENT #12

Wall Street Journal, March 15, 2002

All My Children' Gets Revlon Twist --- First Came Product Placement; Now TV 'Plot Placement' Yields ABC a Big Ad Buy
By Joe Flint and Emily Nelson

SUSAN LUCCI'S ERICA KANE has battled kidnappers, posed as a nun, been married nine times, and stared down a grizzly bear in her rise from beauty queen to evil executive on the long-running ABC soap opera "All My Children." Now she will face her biggest threat -- Revlon.

The plot sounds tailor-made for an advertiser -- and it was. On the show, the cunning Erica runs the cosmetics company Enchantment, and, in a story line that starts Monday, Revlon, her biggest competitor, tries to hire away Greenlee Smythe, one of her top employees. But Erica tricks Revlon by sending her estranged and naive daughter, Kendall, to infiltrate her rival and become a corporate spy. And that's just the beginning.

The show's staff conceived the idea and took it to Revlon Inc., which jumped on board. In return for becoming a major plot line for three months on one of TV's most-watched soaps, Revlon agreed to spend several million dollars in advertising on the show -- and put up with being called "vultures" by Erica.

But Revlon doesn't mind the name-calling: Like other advertisers, it's looking for new ways to get its message across. Meanwhile, TV networks are trying to find new ways to generate revenue in a tough ad market, and soaps are eager to boost ratings, which have dropped 30% over the past decade, with much of the decline coming among women aged 18-34, a coveted target for advertisers like Revlon.

"Daytime is no different than any other business," says Angela Shapiro, president of ABC Daytime. While ABC's soaps are "incredibly profitable" and make "serious dollars" for the network's parent, Walt Disney Co., Ms. Shapiro acknowledges that the struggle to increase audience means "none of us can look at what we do as business as usual." Advertisers, she adds, are equally concerned about getting lost in the growing clutter of commercials.

Although the Revlon plot twist sounds like an idea that was cooked up by sales executives at both companies, Ms. Shapiro swears it was the brainchild of her writing staff. The plot was already in the works, and "we thought it would be a great idea to write in Revlon," says Ms. Shapiro, adding that "it lends a little bit of reality to the story." Ms. Lucci agrees. "I welcome Revlon's place in our storyline. It's an incredibly recognizable, long-time American brand," the actress says.

In some ways, the Revlon deal is a throwback to the early days of television, when advertisers financed shows in return for advertising exclusivity. In some cases, advertisers paid production

costs, and they even developed some of the shows, including NBC's "Colgate Theatre" and "Texaco Star Theater." The practice had mostly stopped by the 1960s, but it resurfaced as networks and studios started looking for creative ways to cover rising programming costs.

But the Revlon-ABC arrangement is one of the biggest tie-ins to the story line of a TV show to date. If the trend continues, questions could be raised about artistic integrity. Next week's episode of the ABC comedy "My Wife and Kids" features a plot centered around the theatrical rerelease of the movie "E.T. the Extra-Terrestrial." Vivendi Universal SA's movie studio, which owns the movie, made a big commercial buy on ABC.

Some hard-core soap fans are concerned about the plot placement. "Too bad 'All My Children' isn't using a more high-end company like Chanel," jokes Victoria Rapoport, a 37-year-old entrepreneur and regular watcher from McLean, Va., but she also warns the producers not to "make it sound like a commercial all the time."

Revlon doesn't think that will be the case. "It's just a fun idea," a Revlon spokeswoman says. That said, Revlon does have the right to review stories and ask for changes if there is anything that offends the company's sensibilities.

The New York cosmetics company has been going through a corporate soap opera of its own. For two years Revlon's patriarch, Chairman Ronald Perelman, has watched the company lose money, sales and market share to competitors L'Oreal SA and Procter & Gamble Co. And ad agencies and executives have come and gone more swiftly than Erica Kane's husbands. In late January, Revlon fired its outside advertising agency, Kirshenbaum Bond & Partners, just two weeks after launching a new ad campaign it created, ending a rocky 11-month relationship. Mr. Perelman's two top executives, who had praised the ads just weeks earlier, soon left the company. Mr. Perelman handed Revlon's advertising responsibility to Interpublic Group of Cos.' Deutsch, which made the ABC deal.

In recent years, Revlon's marketing strategies have flip-flopped. It dropped Cindy Crawford in late 2000, switching to a relatively celebrity-free campaign last spring with the slogan "It's Fabulous Being a Woman." In January it dropped that pitch and switched its tagline to "Be Unforgettable," an echo of Revlon's famous tagline from 1985 to 1993, "The most unforgettable women in the world wear Revlon." The celebrities, including actress Julianne Moore and model-actress James King, also returned, and Revlon shot a new TV spot with Halle Berry, who appeared in past Revlon advertising. The company also used Mr. Perelman's wife, actress Ellen Barkin, to do voiceovers in ads.

Being featured on "All My Children" gives "the company a little more celebrity status. The people who watch that program are Revlon customers," says Suzanne Grayson, who worked at Revlon in the 1970s and is now president of Grayson Associates, a cosmetics marketing consultancy. Any opportunity to differentiate its brand is critical for a cosmetics company like Revlon, she adds, noting that makeup brands and their advertising all tend to look alike.

And wait -- there's another plot twist. In real life, Susan Lucci sells her own line of skin and hair-care products and perfumes on her Web site and the Home Shopping Network. And guess what: The line isn't called "Enchantment."

ATTACHMENT #13

Television Week July 28, 2003, Monday

Copyright 2003 Crain Communications Inc.
Television Week

July 28, 2003, Monday

SECTION: Pg. 10

LENGTH: 1024 words

HEADLINE: 'Passions' Product Pitch ; NBC, Avon Weave New Cosmetics Line Into Soap Opera's Story

BYLINE: Leslie Ryan

BODY:

Pushing product placement into its plotline, the NBC soap opera "Passions" will integrate Avon's new cosmetic line "mark," targeting young women, into at least three episodes as part of a multitier advertising partnership which includes product commercials on the same shows.

Sheraton Kalouria, senior VP, daytime programs, NBC Entertainment, admitted there is a risk of product integration turning viewers off because it seems like a blatant advertisement. "It's something we're cognizant of," he said. "Given the good nature and sense of fun that 'Passions' exhibits in each of its 250-plus episodes a year, our audience is more forgiving of this than someone else might be."

This is not the first time a soap has struck a deal with a beauty line. ABC incorporated Revlon into an "All My Children" storyline last year, but it was widely considered unsuccessful because it put in Revlon in a negative light, as a rival to Susan Lucci's popular Erica Kane character's business.

Deborah Fine, president of Avon Future, said Avon worked closely with "Passions" producers to make sure that mark was woven into the story in a way that was mutually beneficial to them. "(The product) can fit seamlessly into the characters' lives," Ms. Fine said. "If it did not feel seamless and realistic it would not have worked for either of us."

With new technologies such as TiVo allowing viewers to skip commercials, more media companies are experimenting with product placements. "Passions" has featured JCPenney and the ept pregnancy test in placements before. Mr. Kalouria said the key is to space placements out over time so it doesn't turn off viewers.

The first episode mentioning mark airs Aug. 11, with two more airing in the next three weeks. "These coincide with mark's media buy on 'Passions' on those days," Mr. Kalouria said.

The cosmetic line will be mentioned in situations such as the character Jessica Bennett (played by actress Danica Stewart) telling her mom that she found a great way to make money for college by selling mark cosmetics. One episode will show the women in the fictional town of Harmony receiving the "meet mark magalog," which is a combination magazine and catalog from which customers can buy mark products. The episodes will also feature key mark products.

The purpose is not just to sell products, either. It is also to help recruit a youthful new sales force for Avon Cosmetics, which for many years sold its entire beauty line door to door.

With the current lagging economy, mark gives high school- and college-age women a chance to start their own businesses and make money, Ms. Fine said.

"The sell of the message isn't just, 'Hey, here's a new line of cosmetics,'" said Mr. Kalouria. "With mark, where we are really their No. 1 partner is in recruiting the first wave of mark representatives. That is not a message that is as easy to get across in a 30-second spot."

The media buy by mark also includes ad time during "Passions" and "Days of Our Lives" and a "real estate exchange" with the magalog, Mr. Kalouria said. "Passions" will get a page of advertorial in the magalog, with distribution between 13 million and 16 million. "We designed an ad that introduces Jessica Bennett to the mark consumers in the same way that Jessica is introducing mark to 'Passions' viewers."

On the days that mark is a part of the show, it will also be part of the "Passions" bonus online. Each day the show will put extra behind-the-scenes information about mark on its Web site (www.nbc.com/passions), including a link to the meetmark.com Web site.

Mr. Kalouria would not comment on the overall value of the deal.

Integrating Beauty

The idea for a partnership with mark came out of the programming and marketing divisions at NBC. "Beauty and glamour are two of the defining characteristics of daytime soaps," Mr. Kalouria said. "I felt there was an opportunity to integrate into our story line a beauty brand."

Ms. Fine said "Passions" appealed to the company because of the show's strength in the college market. "Passions" is the No. 1 soap among teen girls and the No. 2 soap among women 18 to 34.

"It is important for us to align with partners that are as world class in their areas of expertise as we, Avon, are in ours," she said. "It seemed like a very natural match in terms of the exposure we could bring them and the exposure they could bring to us."

This is not the first time "Passions" story content has been used to sell merchandise. For example, the soap created a tie-in novel in 2001 called "Hidden Passions." "We mentioned that book more times than there are pages, but it worked," he said, noting that the book ended up on The New York Times Top 10 best seller list for seven weeks.

NBC left it up to producers and head writer Jim Reilly to decide how to integrate mark into the show and wouldn't have done it if the producers weren't comfortable with it, Mr. Kalouria said.

Having a character become a mark representative was a natural fit, executive producer Lisa de Cazotte said.

"When you look at the trends, young girls love makeup, they love accessories and this Avon mark line has everything to do with that," she said. "It offers a great opportunity for kids to get out, make some money and have a job. It seemed like a real fun, hip thing to get involved in."

The mark product line will be introduced to the general public in TV and print campaigns the week of Aug. 10 and internally at Avon at its convention in Orlando, Fla., July 31 to Aug. 1. Ms. Stewart, who plays Jessica, and two male actors from "Passions" will be at the convention to help launch the line.

The door is also open for mark story line to continue past the three episodes already planned.

"So long as they keep spending money with us we'll keep hearing about it in stories," Mr. Kalouria said.

If the relationship with mark doesn't continue, that's not a problem for the writers-Jessica could always quit her job. "She can move onto something else," Ms. de Cazotte said. "Girls are very fickle."

ATTACHMENT #14

The New York Times, July 13, 2003

Copyright 2003 The New York Times Company
The New York Times

July 13, 2003, Sunday, Late Edition - Final

SECTION: Section 13; Page 4; Column 1; Television

LENGTH: 1136 words

HEADLINE: COVER STORY;
Summertime, and Ad-Libbing Is Easy

BYLINE: By A.J. Frutkin

BODY:

NO reality show has grabbed viewers this summer the way "American Idol" did last year. But the networks aren't giving up just yet. Judging from the premieres this month, the search for the next big scriptless hit has only just begun.

Tonight at 8:30, "Banzai," a Japanese game show spoof on Fox, has its premiere. Wednesday at 9 p.m., WB's "Pepsi Smash," a pop-music concert series, begins a six-week run. Next Sunday at 10 p.m., the staff and patrons of NBC's unscripted drama "The Restaurant" make their debuts.

Perhaps the most anticipated of these shows is "The Restaurant," a six-episode series set at the newly opened Rocco's, on East 22nd Street in Manhattan, and starring its chef, Rocco DiSpirito.

"It's theater every night," said Mark Burnett, the show's executive producer. "They're trying to serve 100 people, in a new establishment, with everything going against them. And there are a million problems." But unlike the participants in "Survivor," which Mr. Burnett also created, no one walks away from "The Restaurant" with a million dollars. Nor does anyone get to vote off surly waiters and whiny patrons.

Similar series set in airports, hotels and beauty salons have been shown overseas, but "The Restaurant's" workplace format is new to American audiences. Jeff Gaspin, executive vice president for alternative series, specials and long-form program strategy at NBC, said "The Restaurant" offered all networks a new reality concept. But success can be elusive. Which is why NBC signed major advertising deals with American Express, Coors and Mitsubishi, all of whose products are featured prominently in the series.

Product-placement deals have become a key component of reality shows, the most notable being Coke and Ford's participation in Fox's "American Idol." In success, a show like "The Restaurant" offers its advertisers tremendous exposure. And in failure, Mr. Gaspin said, "it limited our risk."

With Wednesday's premiere of "Pepsi Smash," WB takes product placement one step further, using the soft drink manufacturer's name as well as its trademark swirl of red, white and blue in the show's logo. Filmed on a Hollywood sound stage, each of the six hourlong shows has a young celebrity as its host (Amanda Bynes is up first) and features four musical acts ranging from Foo Fighters to Beyonce.

In the wake of "American Idol," WB executives said, the time is right for bringing music series, similar to ones sponsored by Pepsi overseas, to this country. "Summer equals music," said Keith Cox, the network's senior vice president for alternative programming. "If most Americans can't get to a concert, we'll bring the concert to them."

Following the success this past season of "American Idol" and "Joe Millionaire," Fox is perhaps in the best position to take risks this summer. And "Banzai" takes plenty of them. The series is based on a British television show that parodies Japanese game shows. Using Japanese actors who speak English in purposefully thick accents, "Banzai" encourages viewers to bet on the outcomes of wacky contests. A wager involving the number of balloons it takes to send a chicken airborne is one of the show's more benign events. Another features two elderly women in wheelchairs racing directly toward each other to see who bails out first.

Fox has trafficked in tacky tactics before, with shows like "Celebrity Boxing" and "Shocking Behavior Caught on Tape." But Mike Darnell, Fox's executive vice president for alternative programming and specials, said "Banzai" was "probably the most unusual thing we've put on the air."

"I just hope it finds a cult audience and grows from there," he added

An audience has already formed for "The Family," ABC's combination of contest show and unscripted drama in which relatives from an East Coast clan gather in a Palm Beach mansion to vie for \$1 million. The show, with George Hamilton as host, had its premiere in March, but its scheduling was interrupted by coverage of the war in Iraq. On July 30 two hours of highlights from the three March episodes will be shown, followed by six new episodes.

While some networks have looked to new ideas for their reality programming, CBS hopes to find success in the dating genre with "Cupid," which had its premiere last Wednesday. Created by Simon Cowell, best known as the lovably caustic judge on "American Idol," the 11-episode series follows one woman on a nationwide search for the perfect mate. Accompanying the woman are two friends who critique her suitors, after which viewers are given the chance to vote off one contestant each week. The woman and the last man standing can claim \$1 million if they marry after the show ends and remain so for a year. Mr. Cowell will make only occasional on-camera appearances, but his signature brand of humiliation will be front and center throughout the series. "I know how embarrassing it is to sing badly on 'American Idol,' and I think it's even more embarrassing to hit on a girl and then be demolished by her friends," he said.

NBC will be taking a new shot at the dating game later this summer with "Average Joe," in which a woman chooses her partner from a group of surprisingly regular guys. Mr. Gaspin said

the dating format's continued allure for viewers was comparable to what once drew audiences to the melodramatic twists and turns of prime-time soaps. "These shows are today's 'Melrose Place,'" he added, referring to the campy 1990's drama about a group of 20-somethings living in Los Angeles.

Taking its cue from sitcoms instead of soaps, Fox is introducing "The Simple Life" in mid-August. Loosely based on the 1960's series "Green Acres," the show follows two party-hopping socialites -- Paris Hilton (great-granddaughter of the hotel magnate Conrad Hilton) and Nicole Richie (daughter of the singer Lionel Richie) -- as they spend five weeks with an Arkansas farm family.

ABC is also taking its chances on an August premiere with "The Real Roseanne Show," a warts-and-all look at the making of Roseanne's lifestyle-cooking show, "Domestic Goddess," which begins on ABC Family after "The Real Roseanne Show" runs its seven-week course.

R. J. Cutler, the executive producer of "The Real Roseanne Show," compared the series to "The Larry Sanders Show," HBO's comedy series that peered behind the scenes of a fictional late-night talk show. But Mr. Cutler, who was also executive producer of the documentary series "American High," stressed that "The Real Roseanne Show" was strictly nonfiction.

What's more, he said, whereas most unscripted series rely on "created and contrived environments," "The Real Roseanne Show's" documentary-style format inches closer toward a subject most reality shows continue to ignore: reality.

ATTACHMENT #15

Los Angeles Times June 11, 2002 Tuesday

Copyright 2002 The Times Mirror Company; Los Angeles Times

All Rights Reserved
Los Angeles Times

June 11, 2002 Tuesday Home Edition

SECTION: Business; Part 3; Page 1; Business Desk

LENGTH: 444 words

HEADLINE: Disney Sells a \$1-Billion Ad Package;
Media: Multi-network, multi-advertiser deal involves all of its units and may be the largest ever in the industry.

BYLINE: MEG JAMES, TIMES STAFF WRITER

BODY:

Walt Disney Co. has cemented an estimated \$1-billion deal with a group of major advertisers in what could be the largest ever for a media company, an advertising executive said Monday.

The yearlong agreement guarantees prominence for the advertisers in shows and upcoming ABC events, including the Super Bowl, the Academy Awards and next year's NBA playoffs.

Disney has been in talks for months to structure the deal with OMD USA Inc., one of the world's largest advertising buying firms. OMD represents PepsiCo Inc., McDonald's Corp. Apple Computer Inc., Universal Pictures, Gillette Co., Visa and other makers of well-known brands.

"It's certainly never been done before on this scale and with this many entities," said Dan Rank, OMD USA's managing partner who handled negotiations for the advertisers. "This thing touches every single media unit of the Walt Disney Co. from ABC, ESPN, radio stations, the radio network and publishing to the Internet."

The multi-network, multi-advertiser package eclipses last year's \$300-million deal between Procter & Gamble, which makes Tide detergent and Crest toothpaste, and Viacom Inc.'s television properties, including CBS and MTV.

Disney executives declined to comment late Monday.

In addition to selling commercial time on ABC, ESPN networks, ABC Family, Lifetime, A&E Networks and other Disney properties, the Burbank-based company also agreed to joint program-production deals with advertisers, joint funding of television specials and sporting

events as well as product placements in shows, sources with knowledge of the deal said.

OMD's Rank would not comment on specific terms or which advertisers were included in the deal. He also declined to quantify the rate discount that Disney offered to advertisers who joined the package.

For Disney, the ABC network, which has struggled in ratings, will be the largest beneficiary, with the advertisers agreeing to buy up to \$500 million in commercial time on the network, including \$300 million during prime-time. The ESPN networks will take in about \$150 million, sources said.

Such package deals are becoming more common because of the rapid consolidation of media companies and advertising agencies.

Five media conglomerates own the six top television broadcast networks and the most popular cable channels.

On the other side of the table, a handful of companies represent the nation's largest advertisers, making it easier for both sides to negotiate package deals.

OMD is putting together another so-called cross-platform deal with AOL Time Warner Inc. properties, although the Disney deal dwarfs that package.

ATTACHMENT #16

The New York Times, May 23, 2001

Copyright 2001 The New York Times Company
The New York Times

May 23, 2001, Wednesday, Late Edition - Final

SECTION: Section C; Page 6; Column 1; Business/Financial Desk

LENGTH: 1115 words

HEADLINE: THE MEDIA BUSINESS: ADVERTISING;
Reruns may become a testing ground for digital insertion of sponsor's products and images.

BYLINE: By Stuart Elliott

BODY:

DIGITAL technology may be used for the first time to place "virtual" products and other advertising images regularly in scenes of a syndicated television series to be watched by American audiences.

Viewers of reruns of the crime drama "Law and Order," which is moving to the TNT cable network as of June 5, could see sponsored imagery interpolated where it had not been before as a result of an agreement in principle to allow the insertion of computer-generated make-believe items like cans, bottles, signs and logos into scenes.

Under the agreement, the virtual placements would be made if and when advertisers decide to pay for them. Those payments would be separate from what advertisers pay to run spots during commercial breaks. The process of selling the virtual ads has not begun, so there is no list of participating companies yet, and there is no guarantee that there will be any if marketers decide not to buy such ads.

Also, two companies involved in the syndication of the "Law and Order" reruns said late yesterday that contrary to a report this week in the trade publication Advertising Age -- which was confirmed by two other parties to the agreement -- they had not authorized the placements of the virtual ads, potentially clouding the deal.

Whatever the outcome, this could be the start of the potential removal of another brick in the wall between sponsored and unsponsored content amid the increasing commercialization of the entertainment culture, as evidenced by the return of product placements in TV programs like the two installments of the hit CBS series "Survivor" and the coming ABC series "The Runner."

What's spurring this? Marketers are striving to find nontraditional ways to reach consumers who

are becoming increasingly resistant to standard methods of pitching products, like commercials, that interrupt TV shows, which can be zapped, fast-forwarded or edited out as they appear or reappear.

The virtual placement process, known as the live-video insertion system, has been tested during a prime-time entertainment program, when on March 17, 1999, electronic product images for Coca-Cola, Kenneth Cole, Evian and Wells Fargo were inserted briefly in the backgrounds of scenes on "Seven Days," a series on the UPN network. That was a one-time test and was not repeated.

Sponsored imagery has also been inserted into scenes in syndicated reruns in countries like Mexico, but not the United States, though in this country the technology is often used to add virtual logos and signs to arenas, stadiums and ballparks during broadcasts of sports events.

"We're always looking at ways to leverage our viewer relationships for marketers, in an appropriate manner," said Mark Harrad, a spokesman in New York for the Turner Broadcasting System division of AOL Time Warner, the parent of TNT. He was one of two executives who confirmed the report in Advertising Age, which suggested that virtual ads on "Law and Order" could include a branded soda machine in a police station, products on the desks of characters or a branded coffee cup in a detective's hands.

Critics complain there is no appropriate manner of inserting digital ad images into a TV show because it blurs the line that ought to separate editorial content from paid peddling.

"It's all part of the same thing, potentially manipulating audiences" through "potentially deceptive marketing practices," said Jeff Chester, executive director at the Center for Digital Democracy in Washington, an advocacy organization that works on new-media policy issues.

Mr. Chester said he would ask the Federal Communications Commission to "examine this as to its impact" and whether viewers ought to be notified of the existence of virtual ads under the commission's existing "safeguards about sponsor identification and overcommercialization."

Another party to the agreement along with Turner Broadcasting is Princeton Video Image, which developed the virtual product-placement technology to be used to insert the imaginary items.

"We're going to be doing it on a controlled test basis, to get the logistics down and make sure it can be done organically and seamlessly," said Paul Slagle, vice president for sales and marketing at the New York office of Princeton Video, which is based in Lawrenceville, N.J.

"We've all agreed going forward it's only a bad idea if we do it in a nonorganic way," he added, that viewers would deem intrusive and therefore annoy them.

Decisions on interpolating virtual product placements will be made, Mr. Slagle said, after reviewing the filmed episodes of "Law and Order," which will appear on TNT after running on NBC and rerunning on the A&E cable network.

"There may be several opportunities in one show, and none in another," Mr. Slagle said. "We want to do it only where it's appropriate and benefits the advertiser and the producer and doesn't take away from the creative process."

"Law and Order" is produced by Studios USA -- a division of USA Networks, owned in part by Vivendi Universal -- along with Dick Wolf of Wolf Films. The series is to appear twice a night on TNT as original episodes continue for the 2001-2002 season on NBC along with original episodes of two spin-offs, "Law and Order: Special Victims Unit" and "Law and Order: Criminal Intent."

Mr. Wolf, in a statement made yesterday through a spokeswoman, Pam Golum, seemed to cast a shadow on the agreement.

"Those rights" to the "Law and Order" reruns, he said, "are held mutually by Studios USA and Wolf Films; as far as I know, the rights have not been granted to any third party."

Jim Benson, a spokesman in Los Angeles for Studios USA Domestic Television, the Studios USA unit that handles series syndication, said in a separate telephone interview: "We're among the rights holders. We have not authorized any deal. There is no deal. There can't be a deal without us."

Asked to respond to those comments and the Wolf statement, Mr. Slagle -- who was joined on the telephone by Mr. Harrad -- said: "There is an agreement to move forward on this. There is not a signed-on-the-dotted-line agreement on terms."

For instance, Turner Broadcasting is still developing its sales strategy for the virtual ads, including how they will be priced and whether to sell them during the "upfront" market when traditional commercial time is sold to advertisers before the fall season begins.

Princeton Video has tried for several years to find a syndicator that would agree to virtual product placements in reruns of series. A deal in 1999 with a unit of what was then Time Warner, which syndicates reruns of shows like "The Drew Carey Show" and "Friends," fell through.

ATTACHMENT #17

The New York Times, October 1, 1999

Copyright 1999 The New York Times Company
The New York Times

October 1, 1999, Friday, Late Edition - Final

SECTION: Section C; Page 1; Column 2; Business/Financial Desk

LENGTH: 1823 words

HEADLINE: THE MEDIA BUSINESS: ADVERTISING -- Real or Virtual? You Call It; Digital Sleight of Hand Can Put Ads Almost Anywhere

BYLINE: By STUART ELLIOTT

BODY:

A NEW form of advertising is rewriting an old saying to declare: Now you don't see it, now you do.

The magic now, though, is supplied by computers, in the form of digital technology that inserts electronic images like signs, brand logos and even product packages into live and previously taped television programs. The computer-generated ads are sufficiently lifelike that viewers see them as real even though they are anything but.

"Virtual advertising," as this trickery is known, is "the Harry Houdini of the media business," said David Verklin, chief executive at Carat North America in New York, which buys commercial time and ad space for marketers. "It's the most astonishing kind of advertising technology I've ever seen."

Virtual advertising has so far been a novelty feature of live sports, where football players tackle each other in front of make-believe billboards and soccer players run across plausibly real trademarks. For example, the games of three Major League Baseball teams -- the San Francisco Giants, Philadelphia Phillies and San Diego Padres -- include virtual ads this season.

But now virtual advertising is breaking through into entertainment, with programs being subtly changed to benefit advertisers.

"You are seeing the first glimpse of the future of advertising," said Mr. Verklin of Carat, a unit of Aegis Group P.L.C., "where the product and the program are integrated in a fashion that's more seamless than we ever could have imagined."

Even though the big American networks are shunning the practice for now in entertainment programming, TV series in countries like Canada, Mexico and Spain are regularly augmented

with virtual product placements; marketers are paying fees -- usually in the low four figures -- to have images of their goods and services inserted after production is completed. (With sports events, the ads are inserted live as the game or match is played.)

Advocates of putting the ads in entertainment programs give several reasons for preferring that to simply placing products in a show before it is shot. For one thing, virtual products can be readily changed, so a different sponsor can be sold a placement each time a program runs.

The placements can also be changed by geography: Viewers in the East might get a glimpse of Wise potato chips, while those in the West would see Laura Scudder's. And while agreements to place real products in programs can often take months or years to negotiate, the placement of virtual ads can be negotiated after the fact -- and theoretically far more quickly.

In this country, what is believed to be the first use ever of virtual advertising outside sports came in March, when images for advertisers like Blockbuster, Coca-Cola, Evian and the fashion retailer Kenneth Cole were superimposed in an episode of "Seven Days," a prime-time series on the UPN network.

Those virtual products -- inserted at no cost to the sponsors as part of an experiment -- were indistinguishable from other background objects. In one scene, shopping bags bearing the Cole logo were placed in a hotel lobby. In another, bottles of Evian were added next to a water carafe and glasses. In a third, a videotape box bearing the Blockbuster logo was inserted onto a desk.

"The fundamental appeal" for advertisers "is the idea that advertising in the show, in the game, is significantly more impactful than in the breaks," said Dennis Wilkinson, president and chief executive at Princeton Video Image Inc. in Lawrenceville, N.J., which handled the test for UPN and is a leader in video insertion services.

"People pay more attention" during a show than during a commercial, he added, making virtual advertising a powerful selling tool.

Virtual ads are also capable of fighting commercial flight: the instant the sales spiels begin, ad-weary viewers leave the room or grab their remotes.

"With the networks increasing their commercial loads," said Steve Saldano, partner and media services director at the Deutsch Inc. ad agency in New York, "I'd like to have virtual advertising as a choice when I think, 'How else can I get my brand in front of the consumer?'"

"And if the digital future in some cases precludes commercials," he added, as wealthier viewers - - "the most valuable consumers" -- buy machines to delete them from programs, "virtual advertising might work just fine in order to reach them."

The expansion of virtual advertising is a sign of the never-ending efforts of marketers to blanket consumers in a continuous fog of sponsored pitches. Their goal is to elude consumer resistance to traditional forms of advertising like commercials and print advertisements.

To that end, ads have intruded onto the floors of stores and the sides of blimps, airport baggage carousels and school hallways, coffee cups and stadium names, bathroom walls and hot dog cart umbrellas. So it seems inevitable that someday Madison Avenue will introduce its own version of a Zen koan and interpolate ads where there isn't anything at all.

Virtual advertising "is one of the first little gremlins to come out of the box of digitalization," said Alec Gerster, chairman at Mediacom in New York, the media buying unit of Grey Advertising. "It just begins to highlight that a lot of people in the future will be able to touch content -- and change it."

"Remember the outrage years ago when people altered black-and-white movies by colorizing them?" Mr. Gerster asked. "This makes colorization a mere drop in the bucket."

Indeed, critics of the increasing encroachment of commercial elements are responding with outrage.

"This is just one way television is up to its neck in commercialism, and it's getting worse by the day," said Gary Ruskin, director of Commercial Alert, an organization in Washington founded last year by the consumer advocate Ralph Nader.

"People are being bombarded with ever-craftier ways of getting them to desire products," he said. "It's another good reason they ought to be giving up their TV sets."

Virtual advertising is by no means the first digital manipulation done for commercial purposes. Many TV spots already feature dogs that "talk" and babies who "sing." In one hair-raising stunt, a new commercial for Mercedes-Benz by Merkley Newman Harty in New York, part of Omnicom Group, brings Telly Savalas back as a hirsute Kojak.

"As more and more media become digital, people are more aware reality is being tampered with," said Ellen Oppenheim, media director at the New York office of FCB Worldwide, an ad agency owned by True North Communications.

"And people who have grown up with digital editing in movies are less bothered than a generation who might complain, 'Hey, they're messing with my reality,' " she added.

Besides, computers are constantly being used to change images in print advertising. For example, the trade publication Advertising Age reported this week about the doctoring of a photograph of the volleyball player Gabrielle Reece for an ad by Young & Rubicam Advertising in New York. The ad is part of a campaign that cheekily links athletic prowess to childhood consumption of Dannon yogurt, so a carton of the product is inserted into the photo, which shows Ms. Reece at age 6.

But because of the dominant role television plays in American marketing, the growing presence of virtual ads -- in new shows and even in reruns of old ones -- is focusing fresh attention on the process.